

Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 PA-03 PRS-01 USIA-12 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

RSR-01 /123 W

----- 034892

R 240721 Z MAY 73

FM AMCONSUL LAHORE

TO SECSTATE WASHDC 9588

INFO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

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C O R R E C T E D C O P Y P A R A O N E

E. O. 11652: N/ A

TAGS: EGEN, PK

SUBJECT: PRICE INCREASES IN ESSENTIAL COMMODITIES

BEGIN SUMMARY: MOST FOOD PRICES HAVE INCREASED SUBSTANTIALLY OVER LAST FOUR TO SIX MONTHS, WITH MANY PRICES RISING SHARPLY IN LAST THREE WEEKS. WHILE INCREASES HAVE BEEN GENERAL, REASONS FOR HIGHER PRICES OF INDIVIDUAL ITEMS VARY. GOVERNMENT EFFORTS TO CONTROL PRICES HAVE BEEN GENERALLY UNSUCCESSFUL BUT OPPOSITION HAS NOT YET FULLY EXPLOITED ISSUE. END SUMMARY.

1. SURVEY OF ESSENTIAL COMMODITIES MADE IN LAHORE MAY 21 INDICATES SERIOUS PRICE INCREASES IN MANY ITEMS OF WIDESPREAD COMMON USE OVER LAST FOUR TO SIX MONTHS. MOST INCREASES HAVE OCCURRED SLOWLY OVER SEVERAL MONTHS BUT SOME ITEMS HAVE SHOT UP OVER PAST TWO OR THREE WEEKS. ALL PRICES GIVEN BELOW REPRESENT AVERAGE BETWEEN LOWEST AND HIGHEST PRICES FOUND ON MARKET. THESE LOWS AND HIGHS REFLECT BOTH QUALITY OF PRODUCT AND DIFFERENT PRICES CHARGED AT VARIOUS OUTLETS. PRICES

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IN LAHORE ARE GENERALLY HIGHER THAN THOSE IN RURAL AREAS.
PRICE GIVEN IN RUPEES PER SEER OF 2.2 POUNDS UNLESS OTHERWISE
NOTED.

ITEM	PRICES	PERCENT INCREASE
SINCE FEB 1, 1973		
ATTA (FLOUR) PER MAUND OF 82 LBS.	24.50	6.0
RICE, COARSE	1.59	8.5
RICE, FINE	2.25	13.5
RICE, BASMATI	2.63	5.0
GHEE (VEGETABLE SHORTENING)	5.45	8.0
GHEE (CLARIFIED BUTTER)	9.88	9.0
WASHING SOAP, PER MAUND	130.00	8.0
TOILET SOAP, PER BAR	1.13	21.0
PULSES	2.00	33.3
MILK	1.50	20.0
BEEF	2.75	22.0
MUTTON	6.50	21.0
CHICKEN, PER BROILER	9.00	29.0
EGGS, PER DOZEN	4.00	25.0
CLOTH, COARSE, PER YARD	2.75	45.0
CLOTH, MEDIUM QUALITY	6.75	25.0

IN ADDITION, PRICES OF VARIOUS VEGETABLES ARE UP FROM 25 TO
100 PERCENT.

2. ESSENTIAL GOODS WHICH HAVE NOT INCREASED IN PRICE INCLUDE
SUGAR, TEA, MATCHES, AND KEROSENE. WHEAT FLOUR IS AVAILABLE
AT RATION SHOPS AT GOVT SUBSIDIZED PRICE OF RS. 18.37 PER
MAUND BUT QUALITY IS DOUBTFUL. SOME SUGAR IS AVAILABLE
AT GOVT OUTLETS FOR RS. 2.50 PER SEER BUT BLACK MARKET
PRICE IS RS. 5.50. EVEN AT RS. 4.00 EGGS ARE SOMETIMES NOT
AVAILABLE IN STORES. THERE ARE RUMORS IN THE MARKET THAT
GOVERNMENT CONTROLLED PRICES OF SUGAR, GASOLINE AND KEROSENE
WILL BE RAISED WHEN NEW BUDGET ANNOUNCED ON JUNE 9.

3. WHILE PRICE INCREASE IS GENERAL IN ITS EFFECT, THERE ARE
SPECIFIC REASONS FOR SOME INDIVIDUAL INCREASES, ALTHOUGH HIGH
PRICES IN WHEAT AND GOLD GENERALL TEND TO PUSH OTHER PRICES
UP. WHEAT PRICE ITSELF DUE PRIMARILY TO INCREASE IN GOVERN-
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MENT PURCHASE PRICE FROM RS. 17 TO RS. 22.50 PER MAUND FOR
PRESENT CROP. SUCCESSFUL EXPORT DRIVE AND HIGH WORLD PRICES
FOR RICE ARE BEHIND HIGHER PRICES OF THIS GRAIN. EGG AND
POULTRY PRICES WERE LOW LAST SUMMER BECAUSE FARMERS OVER-
PRODUCED FOR HOT WEATHER PERIOD WHEN POULTRY PRODUCTS NOT IN
HEAVY DEMAND. FARMERS REDUCED FLOCKS THIS YEAR AND THEIR
OVERLY CAUTIOUS REACTION CAUSED SHORTAGE. INCREASE IN CLOTH

PRICES CAUSED BY HIGH COTTON PRICES AND HIGH RATE OF EXPORT OF COTTON AND COTTON PRODUCTS. MILK PRICE INCREASED BECAUSE OF GOVT DRIVE AGAINST ADULTERATION AND HIGH SEASONAL DEMAND. INCREASE IN OTHER ITEMS NOT READILY EXPLAINED BUT SEEM TO BE FOLLOWING INCREASES IN KEY ITEMS NOTED ABOVE.

4. VARIOUS OPPOSITION LEADERS HAVE ATTACKED GOVERNMENT FOR HIGH PRICES, ALTHOUGH THEY HAVE NOT FULLY EXPLOITED ISSUE. PUNJAB PPP HAS TAKEN SERIOUS NOTE OF SOARING PRICES AND HAS SET UP SEVERAL COMMITTEES ON INDIVIDUAL COMMODITIES TO ATTEMPT TO BRING PRICES BACK DOWN. COMMITTEES HAVE MET WITH RETAILERS AND DRAGOONED THEM INTO AGREEING ON PRICE ROLL BACKS. PRESS RELEASES ANNOUNCING PRICE AGREEMENTS HAVE LISTED GOVT OF PUNJAB TELEPHONE NKGERS AND URGED PEOPLE TO CONTACT GOVT IF THEY FORCED TO PAY MORE THAN AGREED PRICES. AT SAME TIME, GOP HAS BEEN ATTEMPTING TO REDUCE CLOTH PRICES.

5. GOVERNMENT EFFORTS, HOWEVER, HAVE NOT BEEN ESPECIALLY SUCCESSFUL. FIRSTLY, ALL GOODS LISTED ABOVE ARE NOT YET CONTROLLED BY PRICE AGREEMENTS. SECONDLY, IN THOSE ITEMS WHERE SIZE OR QUALITY ARE INVOLVED, RETAILERS SELL GNLY POOREST QUALITY OR SMALLEST SIZES AT AGREED PRICES. THIS TACTIC ESPECIALLY EFFECTIVE WHERE FOOD ITEMS ARE CONCERNED. RETAILERS ALSO CREATE ARTIFICIAL SHORTAGES AND SELL AT HIGHER PRICES UNDER THE COUNTER.

6. COMMENT:
E E E E E E E

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*** Current Classification *** LIMITED OFFICIAL USE

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